

Message Text

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44

ACTION XMB-07

INFO OCT-01 NEA-10 ISO-00 SSO-00 NSCE-00 INRE-00 SS-15

NSC-10 L-03 EB-11 TRSE-00 OMB-01 CIEP-02 CEA-02

CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 AID-20 PM-07

DODE-00 /101 W

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O 101159Z SEP 73

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 3769

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FOR EXIM BANK

E.O. 11652: N/A

TAGS: MARR IR

SUBJECT: GOI MILITARY FINANCING

1. GEN. TOUFANIAN CALLED IN A/DCM ANGZPF SPETEMBER 10 TO REQUEST EXIM BANK'S SUPPORT IN PROBLEM GOI FACES IN NEGOTIATING \$200 MILLION COMMERCIAL BANK MILITARY CREDITS. TOUFANIAN SAID FNCK HAD PROPOSED THREE-FOURTHS PER CENT OVER PRIME RATE FOR SEVEN-YEAR LOAN OR ONE PER CENT OVER PRIME IF TEN-YEAR LOAN. MINISTRY OF FINANCE HAD COMMENTED THESE TERMS NOT ACCEPTABLE TO GOI, SINCE THEY WOULD AFFECT GOI'S CREDIT NEGOTIATIONS WITH OTHERS. SHAH HAD APPROVED MINISTRY'S POSITION.

2. PREVIOUSLY GOI HAD PAID ONE-HALF PERCENT OVER PRIME FOR FIRST TWO YEARS AND THREE-FOURTHS PER CENT FOR REMAINING EIGHT YEARS OF LOAN. GOI HOPED FNCK WOULD AGAIN ACCEPT THOSE CONDITIONS. IF NOT, GOI WOULD LIKE TO TAKE \$200 MILLION EXIM CREDIT NOW AND RESERVE \$200 MILLION IN PRIVATE FINANCING FOR SOME WEEKS HENCE WHEN GOI CAN COMPLETE NEGOTIATIONS WITH COMMERCIAL BANKS. TOUFANIAN STRESSED HE HAD URGENT NEED FOR IMMEDIATE FINANCING TO MEET BILLS NOW DUE AND HOPED

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EXIM BANK COULD GRANT \$200 MILLION TO RELIEVE PRESSURE. HE

ALSO HOPED EXIM COULD USE ITS INFLUENCE WITH COMMERCIAL
BANKS TO OBTAIN MORE REASONABLE TERMS.

3. TOUFANIAN NOTED THAT PRESENT TEXT OF COMMERCIAL LOAN
AGREEMENT DOES NOT INCLUDE EITHER EXIM OR IRANIAN CENTRAL
BANK GUARANTEES. WE SPECULATED THIS MIGHT ACCOUNT FOR INCREASE
IN FNCB RATES.

4. TOUFANIAN LEAVING TEHRAN WEDNESDAY TO ARRIVE NEW YORK
MONDAY, SEPT. 17. HE HOPES GROUNDWORK CAN BE LAID FOR
DECISIONS BY NEXT WEEK.
HELMS

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Disposition Authority: collinp0
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